



A MILLIMAN GLOBAL FIRM

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January 8, 2007

Richard Miles
Director Actuarial Division
Michigan Department of Community Health
Medical Services Administration
400 S. Pine Street
Lansing, MI 48909-7979

Re: Fee-for-Service Provider Specific Impact of OPPS Initiative

Dear Dick:

Per your request, Milliman, Inc. (Milliman) has worked with Michigan Department of Community Health (MDCH) personnel to estimate the impact of OPPS implementation effective April 1, 2007. Please see our letter dated December 20, 2006 for a summary of our review. We understand that there is a desire to share provider specific impact estimates which were developed in the course of our OPPS impact analysis. The provider specific impact estimates are based on fee-for-service (FFS) data only. We understand that MDCH will use this letter for internal and external communications.

This letter was prepared for internal use by MDCH and may not be released to others without prior written consent from Milliman, Inc. It is our understanding that the information contained in this letter may be utilized in a public document. To the extent that the information contained in this letter is provided to third parties, the letter should be distributed in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the data presented.

Milliman makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this letter prepared for MDCH by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this letter must rely upon their own experts in drawing conclusions about Michigan's hospital outpatient prospective payment system. The estimates included in this letter cannot and do not consider every variation from the key assumptions and the effect of variations on the results.

Background

Please see the Milliman letter dated December 20, 2006 for a summary of our review and the OPPS impact analysis. MDCH is implementing an OPPS, effective April 1, 2007. This OPPS will be based on the Medicare OPPS with a budget target adjustment, so that the amounts paid to providers in aggregate will initially be approximately equal to the current system of payment (pre-OPPS) for FFS and managed care payments combined. FFS care and managed care reimbursement will not be given individual budget-neutral adjustments.

MDCH used second quarter 2005 historical fee-for-service data as the baseline for the comparison of OPPS to pre-OPPS reimbursement levels. The OPPS to pre-OPPS impact by HCPCS was estimated using the FFS data and then managed care utilization by HCPCS was used to estimate the total MDCH impact.

In the course of our work to create the estimates in the December 20, 2006 letter Milliman summarized the second quarter 2005 FFS experience (re-priced to 2006) by provider as a reasonableness check. That table is included as Exhibit 1 in this letter.

Results

Milliman estimates that paying 69.4% of 2006 Medicare would result in the same revenue to providers in total as the 2006 MDCH allowed amounts for FFS and managed care combined. The OPPS conversion would be revenue neutral in aggregate to the providers, but there will not be a neutral effect on every provider or on every payer. Paying the providers 69.4% of Medicare would result in a 5.1% increase in FFS payments and a 1.3% decrease in managed care payments for a total change of 0.0% according to our work.

Exhibit 1 shows the impact by provider for the FFS 2006 data. The estimated impact is the ratio of the estimated allowed dollars under OPPS and the estimated allowed dollars prior to OPPS. The volume of claim lines and service units used in the impact estimates are presented.

Interpreting Individual Facility Impact Estimates

The impact on an individual facility will vary significantly with the types of services performed. Some services increased payment dramatically under OPPS and for some services payment will decrease. Overall, it is hoped that the OPPS system will provide a more fair payment distribution mechanism.

The estimates in Exhibit 1 are more accurate for facilities with a substantial amount of claims (and subsequently less change over time in the mix of services performed). Facilities with fewer claims are more likely to observe impacts that deviate from our estimates. We encourage individual facilities to use caution if these results are to be used for budgeting purposes.

Given the Medicare OPPS increase in 2007, we estimate that 67.4% of 2007 Medicare OPPS will be revenue neutral to providers.

Data Reliance

For this analysis, we relied on data provided to us by Steve Ireland, Dick Miles and others at MDCH. We have not audited this data; however, we have reviewed it for reasonableness. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

Variability of Results

The values shown in Exhibit 1 are based on a historical distribution of Medicaid populations and utilization of services. Actual results will vary due to changes in population and use by service type. The values shown in Exhibit 1 should not be interpreted as a guarantee of future experience. Our projected estimates are not predictions of the future; they are only projections based on the assumptions. If the underlying data or assumptions are incorrect, then the estimates will be incorrect. The actual future OPPS costs will vary from our estimates and the emerging results should be carefully monitored with assumptions adjusted as appropriate.

Please call me at (206) 504-5569 or Rob Damler at (317) 524-3512 if you have any questions. Thank you for the opportunity to assist MDCH.

Sincerely,

Will Fox, FSA, MAAA
Principal & Consulting Actuary

/par
Enclosures

cc: Rob Damler

Exhibit 1
Michigan Department of Community Health
Estimated Impact for Fee-For-Service, by Facility

(Only non-dual eligible claims for services that will be paid under OPPS are included)¹

Provider ID	Facility	Facility Type	Lines	Units	2Q 2006 Allowed Dollars		OPPS
					Pre-OPPS Method	2006 OPPS @69.4%	to Pre-OPPS Ratio
Total -- All Facilities			759,746	1,062,342	\$26,677,763	\$28,037,280	1.051
Subtotal -- Hospitals			750,211	982,072	26,305,404	27,648,548	1.051
Subtotal -- CORFs			2,954	6,968	128,196	144,575	1.128
Subtotal -- ESRD Facilities			412	16,468	14,629	5,252	0.359
Subtotal -- Out-of-State Facilities			6,169	56,834	229,534	238,905	1.041
5170030	Allegan General Hospital	Hospital	1,523	1,815	63,935	74,630	1.167
5170059	Alpena General Hospital	Hospital	5,538	7,511	207,985	177,788	0.855
5170086	Baraga Co Mem Hospital	Hospital	513	803	28,092	20,345	0.724
1910950	Battle Creek Health System	Hospital	6,146	11,497	384,134	336,703	0.877
5170101	Bay Medical Center Inc	Hospital	5,810	8,097	215,098	206,364	0.959
5170611	Bell Memorial Hospital	Hospital	928	1,091	30,611	38,979	1.273
5170175	Bi-County Community Hosp	Hospital	2,958	3,309	76,612	74,255	0.969
5170193	Bon Secours Cottage Hlth Service	Hospital	1,831	1,916	44,371	49,370	1.113
5170433	Bon Secours Cottage Hlth Service	Hospital	549	591	20,784	24,774	1.192
5170219	Borgess Medical Center	Hospital	6,315	7,001	215,920	210,316	0.974
4586566	Borgess-Pipp Health Center	Hospital	1,375	1,477	30,725	31,621	1.029
5170228	Botsford General Hosp	Hospital	7,493	11,423	231,176	211,559	0.915
5170246	Bronson Methodist Hosp	Hospital	14,869	20,589	590,883	582,251	0.985
1764341	Bronson Vicksburg Hospital	Hospital	618	682	12,512	13,111	1.048
5170273	Caro Community Hospital	Hospital	1,195	1,286	26,293	28,044	1.067
5170282	Carson City Hospital	Hospital	2,262	2,742	65,879	71,524	1.086
5170291	Central Mich Comm Hosp	Hospital	8,463	10,101	280,794	263,234	0.937
5170308	Charlevoix Hospital	Hospital	3,005	3,299	89,169	109,870	1.232
5170317	Chelsea Community Hosp	Hospital	369	383	17,040	26,663	1.565
5170326	Childrens Hospital	Hospital	40,467	59,447	1,798,637	1,826,771	1.016
1776880	Chippewa Co War Mem Hosp Inc	Hospital	3,264	4,089	114,471	91,710	0.801
5170353	Clinton Memorial Hospital	Hospital	705	796	17,525	18,475	1.054
5170362	Comm Hlth Ctr-Branch Co	Hospital	3,505	9,389	132,259	134,947	1.020
5170415	Community Hospital	Hospital	1,516	1,588	52,032	47,514	0.913
5170424	Community Memorial Hosp	Hospital	7,960	8,293	308,826	262,965	0.851
5172044	Covenant Medical Center Inc	Hospital	12,703	15,345	483,165	452,112	0.936
5170442	Crittenton General Hosp	Hospital	1,370	1,653	52,545	57,334	1.091
5170489	Deckerville Comm Hosp	Hospital	224	224	5,301	6,153	1.161
5170522	Det Rec Hosp-Univ HI Ctr	Hospital	4,458	4,537	125,516	172,731	1.376
5170531	Dickinson Co Mem Hosp	Hospital	2,061	2,139	50,616	57,018	1.126
5170569	Eaton Rapids Medical Center	Hospital	375	377	11,870	13,623	1.148
1945534	Emma L Bixby Medical Center	Hospital	7,945	8,415	175,815	168,418	0.958
5170649	Garden City Osteo Hosp	Hospital	4,993	5,910	149,219	154,305	1.034
2942009	Genesys Reg Medical Center	Hospital	9,977	12,960	308,772	275,646	0.893
5170667	Gerber Memorial Hospital	Hospital	2,578	2,773	101,802	85,532	0.840
2668180	Grand View Hospital	Hospital	812	852	27,266	24,920	0.914
5170738	Gratiot Community Hosp	Hospital	4,714	8,428	144,090	125,589	0.872
5170747	Hackley Hospital	Hospital	8,194	10,472	339,265	302,294	0.891
5170756	Harbor Beach Comm Hosp	Hospital	222	231	5,347	4,802	0.898
2806188	Harper University Hospital	Hospital	19,718	24,781	1,015,438	1,237,115	1.218
5170783	Hayes Green Beach Hosp	Hospital	1,727	1,771	44,138	39,936	0.905
5171780	Healthsource Saginaw	Hospital	58	87	2,114	1,526	0.722
5170792	Helen Newberry Joy Hosp	Hospital	642	729	14,062	14,470	1.029
5170809	Henry Ford Health Systems	Hospital	22,058	27,410	659,063	676,525	1.026
1892539	Henry Ford Wyandotte Hospital	Hospital	6,456	6,999	159,024	206,809	1.300
5170836	Herrick Memorial Hospital	Hospital	2,350	2,471	51,367	52,373	1.020
5170845	Hills & Dales Gen Hosp	Hospital	802	929	20,596	20,747	1.007
5170854	Hillsdale Community Health Ctr	Hospital	4,557	6,105	122,663	131,772	1.074
1898541	Holland Community Hospital	Hospital	6,857	8,553	253,894	266,886	1.051
5170881	Hurley Medical Center	Hospital	19,547	23,185	553,392	622,509	1.125
5170890	Huron Memorial Hospital	Hospital	1,319	1,383	39,729	43,053	1.084
1736374	Huron Valley Sinai Hospital	Hospital	1,814	2,263	87,154	96,955	1.112
5171065	Ingham Regional Medical Center	Hospital	7,573	8,556	221,519	224,263	1.012
5170925	Ionia Co Memorial Hosp	Hospital	2,590	2,722	67,262	76,534	1.138
5170934	Iron Co General Hospital	Hospital	732	887	23,921	25,707	1.075
5170952	Kalkaska Mem Health Ctr	Hospital	4,505	4,698	78,052	99,588	1.276
5170264	Keweenaw Memorial Medical Ctr	Hospital	707	905	24,308	25,541	1.051
5171314	Lakeland Hospital - St Joseph	Hospital	11,951	14,454	318,290	360,473	1.133
4172264	Lakeland Specialty Hosp/Berrien Center	Hospital	458	465	3,077	4,201	1.365
1696180	Lakeshore Community Hosp Inc	Hospital	1,640	1,751	48,781	44,744	0.917
5171047	Lakeview Comm Hospital	Hospital	1,729	1,841	70,421	66,520	0.945

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MILLIMAN, INC.

Exhibit 1
Michigan Department of Community Health
Estimated Impact for Fee-For-Service, by Facility

(Only non-dual eligible claims for services that will be paid under OPPS are included)¹

<i>Provider ID</i>	<i>Facility</i>	<i>Facility Type</i>	<i>Lines</i>	<i>Units</i>	<i>2Q 2006 Allowed Dollars</i>		<i>OPPS to Pre-OPPS Ratio</i>
					<i>Pre-OPPS Method</i>	<i>2006 OPPS @69.4%</i>	
1774544	Lapeer Regional Hospital	Hospital	3,419	3,670	124,303	136,701	1.100
5171083	Lee Memorial Hospital	Hospital	1,595	1,809	38,766	43,681	1.127
5171092	Leelanau Memorial Health Ctr	Hospital	14	14	310	492	1.587
5171127	Mackinac Straits Hosp	Hospital	773	819	20,481	15,681	0.766
5171145	Marlette Comm Hospital	Hospital	929	959	26,324	28,105	1.068
5171154	Marquette General Hosp	Hospital	4,495	5,900	183,556	169,451	0.923
5171172	Mary Free Bed Hosp & Rehab Ctr	Hospital	1,643	3,245	90,074	87,202	0.968
5171190	Mckenzie Memorial Hosp	Hospital	752	1,244	31,081	30,840	0.992
5171207	Mclaren Regional Medical Center	Hospital	5,217	5,985	142,447	156,644	1.100
5171234	Mecosta Co Gen Hospital	Hospital	5,143	5,273	89,304	98,847	1.107
5171252	Memorial Healthcare Center	Hospital	4,359	5,114	150,751	151,624	1.006
5171299	Memorial Med Ctr-W Mich	Hospital	8,162	8,977	268,920	252,813	0.940
5171341	Mercy General Health Partners	Hospital	8,071	8,868	239,301	278,188	1.163
5171323	Mercy Hospital	Hospital	6,928	10,481	244,792	293,060	1.197
5171332	Mercy Hospital-Grayling	Hospital	2,856	3,545	90,233	107,135	1.187
5171350	Mercy Hospital-Port Huron	Hospital	4,292	4,939	115,606	128,674	1.113
5171379	Mercy-Memorial Hospital	Hospital	8,306	11,242	276,968	241,165	0.871
5170694	Metropolitan Hospital	Hospital	6,862	7,733	248,296	279,678	1.126
5171412	Midmichigan Medical Ctr - Midland	Hospital	16,259	20,080	671,883	693,754	1.033
5170344	Midmichigan Medical Ctr - Clare	Hospital	9,296	10,243	271,218	314,395	1.159
5170676	Midmichigan Medical Ctr - Gladwin	Hospital	2,256	2,462	60,777	67,015	1.103
5171459	Mt Clemens General Hosp	Hospital	8,681	9,860	204,971	212,162	1.035
5171468	Munising Memorial Hosp	Hospital	396	405	8,914	7,751	0.870
5171477	Munson Medical Center	Hospital	17,545	24,406	712,573	732,841	1.028
5171664	North Oakland Med Ctrs/Pgh	Hospital	8,918	9,622	252,302	285,725	1.132
5171510	North Ottawa Comm Hosp	Hospital	1,630	1,756	60,646	51,155	0.843
5171539	Northern Mich Hosp Inc	Hospital	6,903	7,679	329,587	332,002	1.007
5171557	Oaklawn Hospital	Hospital	2,498	3,612	84,768	95,262	1.124
5170077	Oakwood Annapolis Hospital	Hospital	3,596	3,850	116,061	141,600	1.220
5170827	Oakwood Heritage Hospital	Hospital	2,789	3,059	84,822	87,734	1.034
5171566	Oakwood Hosp & Medical Ctr	Hospital	19,792	22,506	472,923	511,459	1.081
5171889	Oakwood Southshore Medical Ctr	Hospital	1,505	1,555	48,854	55,976	1.146
5171584	Ontonagon Memorial Hosp	Hospital	86	103	1,921	1,964	1.022
5171593	Otsego Co Memorial Hosp	Hospital	7,582	8,601	166,238	159,870	0.962
5171628	Paul Oliver Mem Hosp	Hospital	704	811	13,837	18,162	1.313
5171646	Pennock Hospital	Hospital	4,237	4,704	111,796	126,587	1.132
5171673	Pontiac Osteo Hospital	Hospital	7,403	9,131	240,579	218,690	0.909
5171682	Port Huron Hospital	Hospital	6,266	7,970	198,253	223,370	1.127
5171691	Portage Health System Inc	Hospital	1,437	1,960	51,620	50,209	0.973
5171708	Providence Hospital	Hospital	7,982	9,016	306,557	298,842	0.975
5171735	Rehabilitation Institute	Hospital	706	1,296	22,344	25,662	1.148
5171851	Scheurer Hospital	Hospital	915	998	19,911	19,305	0.970
5171860	Schoolcraft Mem Hospital	Hospital	503	508	13,626	13,894	1.020
5171898	Sheridan Community Hosp	Hospital	468	490	17,865	16,300	0.912
5171913	Sinai Hospital Of Det	Hospital	7,981	9,883	355,798	424,981	1.194
5171922	South Haven Comm Hosp	Hospital	3,568	3,693	111,603	95,971	0.860
4554179	Southeast Mich Surg Hosp Llc	Hospital	126	169	14,608	19,371	1.326
5172124	Southwest Regional Rehab Ctr	Hospital	180	219	7,556	4,286	0.567
5171969	Sparrow Hospital	Hospital	19,964	30,523	623,674	582,844	0.935
5170961	Spectrum Health United Memorial	Hospital	417	427	9,386	8,930	0.951
5170255	Spectrum Health-Downtown Campus	Hospital	28,748	54,829	1,351,375	1,199,645	0.888
5170970	Spectrum Health-Kent Comm Campus	Hospital	16	32	671	820	1.221
1936428	Spectrum Health-Reed City Campus	Hospital	1,937	2,332	65,672	73,843	1.124
5171978	St Francis Hospital	Hospital	2,763	2,797	100,269	95,302	0.950
5170504	St John Detroit Riverview Hosp	Hospital	8,097	10,185	213,803	254,247	1.189
5171163	St John Hlth Sys-Oakland Gen Cam	Hospital	3,421	4,403	92,579	118,178	1.277
5171987	St John Hosp & Medical Ctr	Hospital	18,215	25,209	435,809	486,429	1.116
5171931	St John Macomb Hospital	Hospital	5,775	7,368	170,023	176,680	1.039
5170774	St John North Shores Hospital	Hospital	415	479	17,347	16,169	0.932
5171744	St John River District Hospital	Hospital	2,141	2,214	54,630	66,557	1.218
5172026	St Joseph Mercy - Oakland	Hospital	7,663	9,365	237,438	271,543	1.144
5172017	St Joseph Mercy Hospital	Hospital	7,158	9,857	244,267	288,001	1.179
2661652	St Joseph Mercy Livingston Hospital	Hospital	3,129	3,600	73,110	108,224	1.480
2767956	St Joseph Mercy Saline Hospital	Hospital	393	441	13,828	15,915	1.151
2688576	St Joseph'S Mercy Hosp/Hlth Svcs	Hospital	5,748	6,555	139,630	157,946	1.131
4200547	St Mary Mercy Hospital	Hospital	1,591	1,871	47,440	62,993	1.328
5172062	St Mary'S Health Care	Hospital	10,531	12,347	330,475	410,736	1.243

Exhibit 1
Michigan Department of Community Health
Estimated Impact for Fee-For-Service, by Facility

(Only non-dual eligible claims for services that will be paid under OPPS are included)¹

Provider ID	Facility	Facility Type	Lines	Units	2Q 2006 Allowed Dollars		OPPS to Pre-OPPS Ratio
					Pre-OPPS Method	2006 OPPS @69.4%	
5172071	St Mary'S Medical Center	Hospital	4,323	4,916	245,474	244,703	0.997
5172080	Standish Comm Hospital	Hospital	672	703	19,374	21,712	1.121
5172106	Straith Memorial Hosp	Hospital	21	21	2,939	4,510	1.535
5172115	Sturgis Hospital	Hospital	3,097	3,778	130,839	126,501	0.967
5172133	Tawas St Joseph Hospital	Hospital	2,442	2,796	86,366	92,659	1.073
5172151	Three Rivers Area Hospital	Hospital	2,875	3,428	84,997	95,702	1.126
5172204	United Memorial Hospital	Hospital	2,455	2,554	63,857	70,796	1.109
5172222	University Of Michigan Hospitals	Hospital	32,318	54,326	1,597,550	1,543,011	0.966
5172240	W A Foote Memorial Hosp	Hospital	9,654	13,218	304,404	326,396	1.072
5172302	W Beaumont Hosp-Royal Oak	Hospital	18,307	29,906	782,933	1,352,173	1.727
5172311	W Beaumont Hosp-Troy	Hospital	3,326	4,392	139,467	147,583	1.058
5172160	West Branch Regional Medical Ctr	Hospital	3,684	6,530	165,236	125,697	0.761
5172278	West Shore Comm Hospital	Hospital	2,284	2,612	92,125	90,915	0.987
5172358	Zeeland Community Hosp	Hospital	1,014	1,118	37,879	32,406	0.856
4775287	Dynamic Physical Therapy Inc	CORF	139	705	10,960	13,259	1.210
4681298	Healthstyles Physical Rehabilitation	CORF	11	18	310	377	1.217
4682811	Kids In Motion Pediatric Therapy Service	CORF	253	990	16,591	16,323	0.984
4690420	North Shore Physical Therapy	CORF	79	80	1,196	1,453	1.215
4693717	The Detroit Institute For Children	CORF	2,457	5,135	98,473	112,350	1.141
4679870	Tuscola Phys Ther & Rehab Center	CORF	15	40	667	814	1.220
4695800	Devos Childrens Hospital Esrd Unit	ESRD	14	33	207	1,269	6.130
3455597	Dialysis Services Of Gaylord Inc	ESRD	24	1,027	583	105	0.180
4279233	Downriver Kidney Center	ESRD	53	2,214	989	112	0.113
4277023	Fmc Dialysis Svcs - Bewick	ESRD	22	531	296	2	0.006
3208489	Great Lakes Renal Network	ESRD	7	502	299	210	0.701
4475834	Hemacare Dialysis Center Davison	ESRD	12	906	352	1	0.004
2610401	Henry Ford Health System	ESRD	73	435	5,059	1,396	0.276
2610519	Henry Ford Health System	ESRD	15	74	398	44	0.110
4603219	Life-Alysis Kidney Ctr Llc	ESRD	4	400	148	3	0.017
2884818	Mclaren Reg Kidney Center	ESRD	14	866	654	58	0.089
4366419	Optimal Care Dialysis	ESRD	13	1,110	455	8	0.017
3143375	Regional Dialysis Services Inc	ESRD	45	3,023	1,913	759	0.397
4283085	Renal Dialysis Ctrs Inc - Cadillac	ESRD	17	17	105	27	0.253
4636452	Renal Treatment Ctrs-Illinois Inc	ESRD	47	2,652	1,256	82	0.065
4634494	Total Extended Care Services	ESRD	15	1,310	513	8	0.016
4130513	U Of M Hlth Sys Dialysis Center	ESRD	37	1,368	1,401	1,170	0.835
4373487	Aurora Baycare Medical Center	Out-of-State	1	1	18	61	3.358
4756218	Aurora Medical Center - Kenosha	Out-of-State	8	8	225	168	0.748
4654862	Aurora Sinai Med Ctr	Out-of-State	2	2	94	57	0.608
4661811	Battle Creek Dialysis	Out-of-State	19	1,410	556	4	0.007
1711544	Bay Area Medical Center	Out-of-State	948	980	32,097	33,190	1.034
4184926	Bay Area Reg Dialysis Ctr - Bay City	Out-of-State	21	1,137	618	49	0.080
4184944	Bay Area Reg Dialysis Ctr - Saginaw	Out-of-State	46	870	1,367	51	0.037
4688127	Bay Medical Center	Out-of-State	7	7	156	139	0.890
4374312	Bay Park Community Hospital	Out-of-State	21	26	769	1,155	1.502
5172376	Bellin Memorial Hospital	Out-of-State	16	22	1,628	758	0.465
3028720	Bio Med App Of Great Lakes	Out-of-State	2	2	240	97	0.406
1951513	Cameron Memorial Comm Hospital	Out-of-State	43	43	2,181	1,440	0.660
4690653	Cape Canaveral Hospital	Out-of-State	2	2	101	120	1.182
4765905	Carilion New River Valley Med Ctr	Out-of-State	5	5	119	178	1.502
4681350	Children'S Hosp Of Pittsburgh	Out-of-State	50	50	598	817	1.366
4488860	Childrens Hospital Medical Center	Out-of-State	154	157	5,599	5,981	1.068
4655064	Children'S Hospital Of Wisconsin	Out-of-State	31	33	4,407	2,840	0.644
4650980	Children'S Memorial Hospital	Out-of-State	26	28	2,274	737	0.324
4574180	Clarian Health Parnters Inc	Out-of-State	12	12	2,364	1,469	0.621
4573263	Cleveland Clinic Hospital	Out-of-State	11	11	1,567	1,535	0.979
4708874	Colorado Plains Medical Center	Out-of-State	2	2	109	90	0.821
4614651	Community Hospital Springfield	Out-of-State	2	2	93	90	0.962
1924712	Community Hospitals & Wellness Ctrs	Out-of-State	4	4	19	17	0.876
4562107	Detroit Dialysis Ctr	Out-of-State	20	1,082	681	6	0.008
4070101	Dva Renal Healthcare Inc - Muskegon	Out-of-State	82	2,886	2,052	1,075	0.524
5172385	Eagle River Memorial Hosp	Out-of-State	7	7	132	94	0.710
1857208	Elkhart General Hospital	Out-of-State	118	731	6,081	5,196	0.854
4651074	Florida Hospital	Out-of-State	9	9	529	530	1.002
5172400	Flower Memorial Hospital	Out-of-State	541	770	16,544	18,536	1.120
2715216	Fmc Dialysis Svcs - Adrian	Out-of-State	20	834	542	49	0.091
4184864	Fmc Dialysis Svcs - Clinton	Out-of-State	66	2,533	1,384	3	0.002

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MILLIMAN, INC.

Exhibit 1
Michigan Department of Community Health
Estimated Impact for Fee-For-Service, by Facility

(Only non-dual eligible claims for services that will be paid under OPPS are included)¹

Provider ID	Facility	Facility Type	Lines	Units	2Q 2006 Allowed Dollars		OPPS to Pre-OPPS Ratio
					Pre-OPPS Method	2006 OPPS @69.4%	
4277032	Fmc Dialysis Svcs - Conner	Out-of-State	32	2,621	1,034	3	0.003
4184908	Fmc Dialysis Svcs - Port Huron	Out-of-State	37	1,469	1,302	236	0.181
4184980	Fmc Dialysis Svcs - University	Out-of-State	61	2,860	2,438	69	0.028
4801206	Forbes Regional Hospital	Out-of-State	3	3	181	141	0.778
4656061	Froedtert Memorial Lutheran Hospital	Out-of-State	32	38	2,101	3,059	1.456
2676350	Fulton County Health Center	Out-of-State	19	19	398	400	1.004
1798205	Gambro Healthcare - Jackson	Out-of-State	10	350	215	510	2.371
4739048	Gillette Children'S Specialty Healthcare	Out-of-State	2	2	128	167	1.307
4706495	Kootenai Medical Center	Out-of-State	2	2	178	141	0.790
1925291	La Porte Hospital Inc	Out-of-State	9	9	458	588	1.283
4684398	Lancaster General Hospital	Out-of-State	4	4	219	220	1.007
4736126	Lee Memorial Hospital	Out-of-State	26	26	1,130	1,429	1.265
4687498	Lima Memorial Hospital	Out-of-State	1	1	89	51	0.574
4674159	Mcallen Medical Center	Out-of-State	1	1	89	51	0.574
5172465	Medical University Of Ohio	Out-of-State	12	12	310	384	1.241
5172483	Memorial Hosp South Bend	Out-of-State	152	508	14,215	14,408	1.014
5172492	Memorial Medical Center	Out-of-State	26	26	623	729	1.171
4607512	Mercy Hospital Tiffin	Out-of-State	3	3	118	106	0.896
4768694	Mesa General Hospital	Out-of-State	1	1	89	51	0.574
4791128	Michigan Home Dialysis Center Inc	Out-of-State	13	1,104	420	3	0.007
3243011	Michigan Home Dialysis Ctr Inc	Out-of-State	1	1	27	40	1.497
3486501	Michigan Home Dialysis Ctr Inc	Out-of-State	67	2,177	1,738	2,110	1.214
3486593	Michigan Home Dialysis Ctr Inc	Out-of-State	2	104	164	45	0.274
3486996	Michigan Home Dialysis Ctr Inc	Out-of-State	13	222	771	240	0.312
4768317	Milton S Hershey Medical Center	Out-of-State	72	78	1,826	2,062	1.129
4476813	Nebraska Health System	Out-of-State	4	4	538	194	0.361
3093774	Nephrology Inc	Out-of-State	3	111	38	1	0.033
4562223	New Center Dialysis	Out-of-State	37	1,343	955	12	0.013
4562241	North Oakland Dialysis	Out-of-State	68	4,752	2,122	114	0.054
4767946	Northwest Hospital Center	Out-of-State	7	7	151	161	1.064
4719813	Orlando Regional Healthcare System	Out-of-State	11	11	268	271	1.013
4756020	Outer Banks Hospital	Out-of-State	3	3	177	77	0.433
4768667	Parkeview Lagrange Hospital	Out-of-State	3	3	117	261	2.225
1951540	Parkview Memorial Hospital Inc	Out-of-State	6	6	248	262	1.058
4307276	Physicians Dialysis - Grand Haven	Out-of-State	23	645	378	4	0.012
4307258	Physicians Dialysis - Grand Rapids	Out-of-State	30	1,837	801	17	0.021
4307294	Physicians Dialysis - Grand Rapids East	Out-of-State	32	1,654	798	9	0.011
4307285	Physicians Dialysis - Roosevelt Park	Out-of-State	21	858	465	6	0.013
4568174	Physicians Dialysis Acquisitions Inc	Out-of-State	47	3,363	1,516	352	0.232
4568290	Physicians Dialysis Acquisitions Inc	Out-of-State	65	911	1,055	75	0.071
4683452	Pt Services Rehabilitation Inc	Out-of-State	2	145	189	198	1.051
4620087	Renal Treatment Centers-Illinois	Out-of-State	23	1,340	633	7	0.011
4511206	Renal Treatment Centers-Illinois Inc	Out-of-State	19	1,324	736	74	0.101
4636229	Renal Treatment Ctrs Dba Hallwood Dialys	Out-of-State	20	1,010	752	5	0.007
4636247	Renal Treatment Ctrs-Dba Flint Dialysis	Out-of-State	105	4,680	3,143	1,385	0.441
4671747	Roseland Community Hospital	Out-of-State	5	5	83	105	1.260
4645184	Samaritan Med Center	Out-of-State	13	13	228	232	1.018
4745976	Scottsdale Healthcare Shea	Out-of-State	5	5	199	134	0.672
4665113	Sentara Bayside Hospital	Out-of-State	2	2	178	207	1.162
4665060	Sentara Leigh Hospital	Out-of-State	3	3	109	120	1.100
4664976	Sentara Virginia Beach General Hospital	Out-of-State	1	1	89	51	0.574
4688092	Sinai Hospital Of Baltimore	Out-of-State	1	1	60	51	0.855
4562180	Southfield West Dialysis	Out-of-State	40	2,157	1,152	386	0.335
5172536	St Anne Mercy Hospital	Out-of-State	219	230	3,933	3,459	0.879
5172572	St Anthony Hospital	Out-of-State	3	3	109	67	0.619
4756272	St Anthony'S Memorial Hospital	Out-of-State	14	14	250	338	1.355
5172581	St Charles Hospital	Out-of-State	22	22	646	637	0.987
4674856	St John West Shore Hospital	Out-of-State	3	3	113	533	4.728
1972845	St Joseph Hospital - Mishawaka	Out-of-State	18	18	3,871	2,278	0.588
5172554	St Joseph Medical Center	Out-of-State	159	369	15,903	14,194	0.893
4732520	St Louis Children'S Hospital	Out-of-State	1	1	11	11	1.013
1957197	St Luke'S Hospital	Out-of-State	20	20	487	499	1.025
4629510	St Luke'S Med Ctr	Out-of-State	13	13	605	710	1.174
4759158	St Mary Medical Center Inc	Out-of-State	3	3	8	150	18.373
4726863	St Mary'S Hospital Medical Center	Out-of-State	3	3	112	120	1.071
1930451	St Mary'S Medical Center	Out-of-State	22	274	5,227	1,706	0.326
4650756	St Ritass Medical Center	Out-of-State	6	6	167	202	1.207

Exhibit 1
Michigan Department of Community Health
Estimated Impact for Fee-For-Service, by Facility

(Only non-dual eligible claims for services that will be paid under OPPS are included)¹

<i>Provider ID</i>	<i>Facility</i>	<i>Facility Type</i>	<i>Lines</i>	<i>Units</i>	<i>2Q 2006 Allowed Dollars</i>		<i>OPPS to Pre-OPPS Ratio</i>
					<i>Pre-OPPS Method</i>	<i>2006 OPPS @69.4%</i>	
5172607	St Vincent Hospital	Out-of-State	160	281	13,659	16,914	1.238
5172616	St Vincent Medical Center	Out-of-State	298	342	13,236	27,111	2.048
5172625	Toledo Hospital	Out-of-State	912	1,305	30,393	49,934	1.643
4614698	Uhhs Bedford Medical Center	Out-of-State	2	2	92	51	0.558
4667190	Univ Of Tennessee Memorial Hospital	Out-of-State	3	6	91	156	1.715
4560381	University Of Chicago Hospitals	Out-of-State	8	8	289	374	1.297
4672083	Upmc Presbyterian Shadyside	Out-of-State	749	774	6,913	10,778	1.559
4697879	Wyoming Medical Center	Out-of-State	1	1	89	90	1.006
4562250	Ypsilanti Dialysis	Out-of-State	34	1,635	749	46	0.062

(1) Dual-eligible claims were excluded. Services out-of-scope for OPPS were removed (dialysis and observation room services, for example). Services not affected by OPPS (wrap-around codes) were excluded. Claims with inadequate information to reprice were also excluded. Please see Milliman's 12/20/06 communication for more information.